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Serial No. 09/522,481
Application of: PINTO
Filed: March 10, 2000
Art Unit: 3628
Examiner: PWU
Attorney Docket No. LR0001
For: **METHOD FOR PROCESSING A SECURED COLLATERAL LOAN**
Confirmation No.: 5694

Customer No.: **25235**

I hereby certify that this correspondence with the following documents are being facsimile transmitted to the United States Patent and Trademark Office:

1.   2nd Supplemental Appeal Brief (13 pages)
2.   2nd Request for Reinstatement of Appeal (1 page)
3.   Certificate of Transmission (1 page)

on _____March 14, 2005_____   12 14 15
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Client Matter No.: 68209.0002
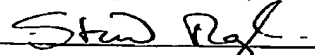
\\\DO - 71550/0500 - 176521 v1

Attorney Docket No. LR001
Client/Matter No. 68209.0001
Via Facsimile

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

In re Application of:

Edward PINTO

Serial No.:   09/522,481

Filed: March 10, 2000

For: **SYSTEM AND METHOD FOR PROCESSING A SECURED COLLATERAL LOAN (as amended)**

Art Unit: 3624

Examiner: Jeffrey PWU

Customer No. 23235

Docket No. LR0001

Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

REQUEST TO REINSTATE APPEAL UNDER MPEP 1208.02

Appellant hereby requests that reinstatement of the appeal in the above-identified patent application following the reopening of prosecution resulting from an Office Action mailed on September 13, 2004. A shortened statutory period of 3 months was set for reply to the Office action, however, Appellants are exercising the option under MPEP 1208 to request reinstatement of the appeal rather than reply to the Office action. As the Office action has not established a shortened statutory time period for requesting reinstatement, it is believed that a six month time period for response exists pursuant to 37 CFR 1.134. Accordingly, no extension of time is required. However, should any extension of time be required, please consider this a petition therefore and charge deposit account 50-1123. If any other fee is required by this response, please charge Deposit account 50-1123.

Respectfully submitted,

_____
Stuart T. Langley, Reg. 33,940
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Denver, Colorado 80202
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Date: __March 14, 2005__

PTO/SB/25 (08/03)

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Attorney Docket No. LR0001
Client/Matter No. 68209.0001

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

In re Application of:

Edward PINTO

Serial No.:   09/522,481

Filed: March 10, 2000

For: SYSTEM AND METHOD FOR
        PROCESSING A SECURED
        COLLATERAL LOAN (as amended)

Art Unit: 3624

Examiner: Jeffrey PWU

Customer No. 23235

Docket No. LR0001

Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

APPELLANT'S SECOND SUPPLEMENTAL BRIEF UNDER 37 CFR 1.193(b)(2)

I.   Real Party in Interest

Lenders Residential Asset Company LLC
5608 Pioneer Lane
Bethesda, MD 20816

II.   Related Appeals and Interferences

No other appeals or interferences are currently known to Appellant that will directly affect, be directly affected by, or have a bearing on the decision to be rendered by the Board of Patent Appeals and Interferences in the present appeal.

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III. Status of Claims

Claims 1-20 are pending in the application. No claims have been allowed. Claims 1-20 stand rejected under 35 U.S.C. §101 as failing to claim statutory subject matter. On June 25, 2003, Appellants appealed from the final rejection by filing a Notice of Appeal of all pending claims. and September 25, 2003 an Appeal Brief was filed. On December 16, 2003 a subsequent office action was mailed withdrawing all previous grounds of rejection and asserting the rejections under 35 U.S.C. §101 and 35 U.S.C. §112 stated above. On May 7, 2004 Applicants requested reinstatement of the Appeal and filed a Supplementary Appeal Brief. On September 13, 2004 a subsequent office action was mailed withdrawing prior rejections, leading to this second request to reinstate the appeal.

IV. Status of Amendments

In response to the Final Office Action mailed March 25, 2003, Appellants provided in a Response to Final Office dated May 21, 2003 and a Supplemental Response to Final Office Action dated May 29, 2003 an amendment to the Title and remarks that addressed the rejections under 35 U.S.C. § 102 and did not further amend the claims. The rejections under 35 U.S.C. § 102 were subsequently been withdrawn. The Office action mailed September 14, 2004 asserted a new ground of rejection under 35 U.S.C. 102.

All claim amendments have been entered, and Claims 1-20, as originally filed or as previously amended, remain in the application for consideration in this appeal.

V. Summary of the Invention

Briefly, the invention is directed toward a system and method for loan processing that streamlines loan processing, particularly for secured loans such as home equity, refinance and purchase money loans, to reduce the time required to make a loan from weeks to as little as one hour. (page 7, lines 23-25) At the time of filing the application, studies of the secured loan industry indicated that prior home equity loan processing systems average about seventeen days from application to closing, with refinance and purchase money loans taking significantly longer. Much of this time was lost in inefficient and duplicative processing

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steps and lack of control over the loan process resulting in pipeline losses. In general the steps to making a secured loan involve: getting information from a client or prospective borrower; verifying the information; evaluating the information; preparing documents for signature; transmitting documents; signing the documents; and funding the loan. Due to governmental and regulatory limitations, funding may actually occur several days after the other steps. (Page 8, lines 18-24) These steps of processing information involve obtaining and analyzing credit reports as well as obtaining and analyzing FICO scores, valuation, and debt-to-income ratios. (Page 18, line 25) The present invention improves upon these processes not merely to automate the processes but to make their performance uniformly streamlined.

The invention of claim 1 is directed to a method of processing a secured loan illustrated, for example, in Fig. 3 and Fig. 4. The process is initiated by accepting a loan application 302 (e.g., MAKE APPLICATION in Fig. 4) from a borrower. The loan application includes at least the borrower's identity, collateral identity, and stated income of the borrower. (page 17, lines 6-7) A credit request 304 is generated (e.g., OBTAIN CREDIT REPORT/FICO in Fig. 4) based upon the borrower's identity to obtain a credit report306, the credit report including credit information and credit score information. (page 17, line 22) A property evaluation database is accessed using the collateral identity. (page 13, line 24 through page 14, line 11) Based upon the credit report, a credit approval, collateral title underwriting approval, and income approval are generated. Loan documentation is generated and transmitted for signatures at closing (e.g., GENERATE LOAN DOCUMENTATION in Fig. 4).

The invention of claims 9 and 13 relate to loan processing systems. In claims 9 and 13 the systems include elements for obtaining a credit report 306 including credit score information. (page 17, line 22) In the system of claim 9, an underwriting matrix 501 is included to provide approval criteria enabling the system to automatically approve a loan. The system of claim 13 includes, among other things, means for underwriting title based upon the credit report (page 18, lines 5-19).

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VI. Issues

1.   Whether claims 1-20 define an invention to statutory subject matter under 35
U.S.C. §101.

2.   Whether claims 1-20 are anticipated by Tengel (U.S. Patent 5,940,812)

2.   Whether claims 1-20 are anticipated by E-loan.

VII. Grouping of Claims

Because each of the claims includes different limitations and each limitation must
claim both statutory subject matter and be supported by an enabling disclosure, it is believed
that each of the claims stands or falls separately with respect to the current grounds of
rejection.

VIII. Argument

A.   Rejection of Claims 1-20 under 35 U.S.C. 101 is Improper

The rejection of claims 1-20 is improper and it is respectfully requested that the Board
overturn the rejection. The Examiner recites two requirements for statutory subject matter
under 35 U.S.C. 101. The Examiner does not state, however, that claims 1-20 are in any way
deficient with respect to these requirements. Claims 1-20 state a practical application that
result in a useful, concrete and tangible result (i.e., a loan approval). Claims 1-20 also state
limitations in the technological art that enable a useful, concrete, tangible result (e.g., based
upon credit, collateral, and ability to repay approvals, generating loan documentation).
Accordingly, it is believed that claims 1-20 comply with 35 U.S.C. 101 and the Examiner's
rejection should be reversed.

B.   Rejection of Claims 1-20 35 U.S.C. 102 based upon Tengel

Applicant recognizes that the Tengel reference was first cited in the September 14,
2004 office Action and that any issues raised by Tengel are being first addressed before the
Board. However, Appellant cannot afford the costs of extended prosecution in a case where

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new art rejections are presented nearly five years after filing the application and after two appeals that have not yet been heard. The Board's tolerance is respectfully requested.

Tengel simply does not show several elements of claim 1 including "based upon the credit report, generating an approval of the property valuation from the database", "based upon the credit report, underwriting title of the identified collateral" or "based upon the credit report and the stated income of the borrower, generating an approval of the borrower's ability to repay the loan." These elements of independent claim 1 simply do not appear anywhere in the Tengel reference.

Independent claims 9 is rejected for what appears to be the same reasons as claim 1, however, claim 9 calls for an underwriting matrix that does not appear anywhere in claim 1. Hence, the Examiner has failed to state a prima facie case of anticipation against claim 9 and claims 10-12 that depend from claim 9.

Claims 13-20 are distinct from the reference for the same reasons as claim 1.

Accordingly, Appellants request that the rejection of claims 1-20 under 35 U.S.C. § 102 be withdrawn.

C.   **Rejection of Claims 1-20 35 U.S.C. 102 based upon E-LOAN is improper**

The E-LOAN reference does not show several elements of claim 1 including "based upon the credit report, generating an approval of the property valuation from the database", "based upon the credit report, underwriting title of the identified collateral" or "based upon the credit report and the stated income of the borrower, generating an approval of the borrower's ability to repay the loan." These elements of independent claim 1 simply do not appear anywhere in the E-LOAN reference.

The balance of the rejection stated in the Office Action of September 13, 2004 does not appear to reject claims 9-20. The Examiner has failed to state a prima facie case of anticipation against claims 9-20.

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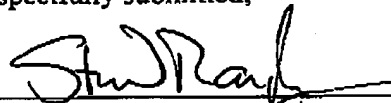Second Supp. Appeal Brief dated: March 14, 2005

Accordingly, Appellants request that the rejection of claims 1-20 under 35 U.S.C. §
102 be withdrawn.

D.   Conclusion

In view of all of the above claims 1-20 are believed to be allowable and the case in
condition for allowance and it is respectfully requested that the Examiner's rejections be
overturned.

Respectfully submitted,

Date: <u>March 14, 2004</u>

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IX. APPENDIX OF CLAIMS ON APPEAL

1.   A   method   of   processing   a   secured   loan
comprising:

accepting a loan application from a borrower, the

5   loan application comprising at least a borrower's
identity, collateral identity, and stated income of the
borrower;

generating a credit request based upon the
borrower's identity to obtain a credit report, the credit

10   report including credit information and credit score
information;

accessing a property valuation database using the
collateral identity;

based upon the credit report, generating an approval

15   of the property valuation from the database;

based upon the credit report, generating a credit
approval;

based upon the credit report, underwriting title of
the identified collateral;

20   based upon the credit report and the stated income
of the borrower, generating an approval of the borrower's
ability to repay the loan;

based upon the credit, collateral, and ability to
repay approvals, generating loan documentation;

25   transmitting the loan documentation to the borrower;
and

closing the loan.

2.   The method of claim 1 wherein the secured loan
comprises a residential home equity loan.

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3.   The method of claim wherein the step of generating a credit request comprises generating a request to an online credit reporting agency.

4.   The method of claim 1 wherein the step of generating credit approval comprises:

providing a matrix having predefined values relating FICO scores to approvable credit history criteria for the
5   associated FICO score; and

determining if the obtained credit history contents meets the approvable criteria specified by the matrix.

5.   The method of claim 1 wherein the step of underwriting title comprises:

providing a matrix having predefined values relating FICO scores to postponeable title underwriting criteria
5   for the associated FICO score;

determining if the obtained credit history contents meets the postponeable title underwriting criteria specified by the matrix; and

when the credit history contents indicate the
10   postponeable underwriting is satisfied, issuing a conditional underwriting commitment before closing and verifying the title status after closing.

6.   The method of claim 5 wherein the step of verifying title status comprises

performing a deed search in a title record database to obtain a legal description of the collateral and a
5   recorded name of the collateral owner; and

basing the title underwriting on the deed search without a full title record search.

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7.   The method of claim 6 wherein the step of verifying title status comprises:

obtaining a current status of lien positions from a title database using the collateral property description;

5   using the deed search results to determine whether title is vested in the borrower; and

using the deed search results to validate a legal description of the collateral property.

8.   The method of claim 1 wherein the step of generating an approval of the borrower's ability to repay the loan further comprises:

providing a matrix having predefined values relating
5   FICO scores to whether the stated income in the loan application needs to be verified for the associated FICO score;

determining if the obtained credit history contents meets the FICO score criteria specified by the matrix;
10   and

generating the approval of the borrower's ability to pay without income verification when the obtained FICO score meets the specified criteria.

9.   A secured loan processing system comprising:

a loan processing computer system having an interface for receiving a loan application from a borrower, the loan application comprising at least a
5   borrower's identity, collateral identity, and stated income of the borrower;

a credit reporting database in communication with the loan processing computer for receiving a request based upon the borrower's identity and providing a credit
10   report including a FICO score to the loan processing computer system;

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a property evaluation database in communication with
the loan processing computer for receiving a request
based upon the collateral identity and providing a
15   database evaluation report to the loan processing
computer system;

an underwriting matrix within the loan processing
system having an association between credit report values
and approval criteria, wherein the loan processing
20   computer can approve the loan application based upon the
application contents, the database evaluation, and credit
report without reference to additional direct data.

10.   The system of claim 9 further comprising:

a document generation module operable within the
loan processing computer system for generating signature
documentation for approved loans; and

5   a closing agent receiving the generated
documentation to close the loan.

11.   The system of claim 10 further comprising a
post closing process implemented by the loan processing
computer system for performing a post-closing title
verification on the collateral property.

12.   The system of claim 9 wherein the underwriting
matrix includes criteria for issuing a title underwriting
policy based entirely on the credit report results.

13.   A secured loan processing system comprising:

means for accepting a loan application from a
borrower, the loan application comprising at least a
borrower's identity, collateral identity, and stated
5   income of the borrower;

means for generating a credit request based upon the
borrower's identity to obtain a credit report, the credit

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report including credit information and credit score
information;

10   means for accessing a property evaluation database
using the collateral identity;

        means for generating a credit approval based upon
the credit report;

        means for underwriting title of the identified
15 collateral based upon the credit report;

        means for generating an approval of the borrower's
ability to repay the loan based upon the credit report
and the stated income of the borrower;

        means for generating loan documentation based upon
20 the credit, title, and ability to repay approvals; and

        means for transmitting the loan documentation to the
borrower.

        14.   The system of claim 13 wherein the secured loan
comprises a mortgage equity loan.

        15.   The system of claim 13 wherein the means for
generating   a   credit   request   comprises   means   for
generating   a   request   to   an   online   credit   reporting
agency.

        16.   The system of claim 13 wherein the means for
generating credit approval comprises:

        means for providing a matrix having predefined
values relating FICO scores to approvable credit history
5 criteria for the associated FICO score; and

        means for determining if the obtained credit history
contents meets the approvable criteria specified by the
matrix.

        17.   The method of claim 13 wherein the means for
underwriting title comprises:

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means for providing a matrix having predefined
values relating FICO scores to postponeable title
5   underwriting criteria for the associated FICO score;
    means for determining if the obtained credit history
contents meets the postponeable title underwriting
criteria specified by the matrix; and
    means for issuing a conditional underwriting
10 commitment before closing based solely upon the credit
history and verifying the title status after closing when
the credit history contents indicate the postponeable
underwriting is satisfied.

    18.   The system of claim 17 wherein the means for
verifying title status comprises
    means for performing a deed search in a title record
database to obtain a legal description of the collateral
5   and a recorded name of the collateral owner.

    19.   The system of claim 17 wherein the means for
verifying title status comprises:
    means for obtaining a current status of lien
positions from a title database using the collateral
5   property description;
    means for using the deed search results to determine
whether title is vested in the borrower; and
    means for validating a legal description of the
collateral property using the deed search result.

    20.   The system of claim 13 wherein the means for
generating an approval of the borrower's ability to repay
the loan further comprises:
    means for providing a matrix having predefined
values relating FICO scores to whether the stated income
in the loan application needs to be verified for the
associated FICO score;

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means for determining if the obtained credit history contents meets the FICO score criteria specified by the matrix; and

means for generating the approval of the borrower's ability to pay without income verification when the obtained FICO score meets the specified criteria.

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